

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 1, 1995

SUBJECT: **SB 551 - HB 900**

This bill, if enacted, will prohibit the state or any managed care organization contracting with providers from discriminating against a hospital because it is not accredited by the Joint Commission on Accreditation of Health Care Organizations (JCAHO). This organization has established quality assurance standards that must be met by its members as a condition of approval from JCAHO. It is assumed that some managed care organizations accept JCAHO's accreditation in lieu of doing pre-approval and quality assurance reviews.

The fiscal impact from enactment of this bill is estimated to result in increased expenditures to the TennCare program as the result of additional cost incurred by managed care organizations to perform quality assurance reviews of participating hospitals who have not been accredited. It is assumed that such costs could impact rates paid to managed care organizations from TennCare. The amount of increase cannot reasonably be determined since it would depend on additional cost incurred by managed care organizations that is passed on to the TennCare program, but is estimated not to be significant.

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This is to duly certify that the information contained herein is true
and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive, flowing style with a large initial 'J' and 'D'.

James A. Davenport, Executive Director